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Statement by the Hon. **M. SAIFUR RAHMAN**,
Governor of the Fund and the Bank for **BANGLADESH**,
at the Joint Annual Discussion

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We meet today in a truncated Annual Meeting under the gloomy shadow of global terrorism which is a threat to security as well as prosperity throughout the world. We condemn terrorism in all its forms and manifestations. Military intervention may be necessary but not a sufficient condition for winning this war. The roots of terrorism lie deep in poverty, hunger, disease, joblessness, hopelessness and injustice in an environment of uneasy economic transition. The Bretton Woods Institutions must join the fight against terrorism by rekindling hope in the minds of the unemployed youth and providing opportunities for betterment of the deprived and disadvantaged.

Despite recent encouraging trends in poverty reduction, more than one billion people still live on less than a dollar a day. Given the magnitude of the problem, the world cannot afford the luxury of complacency or fatigue in the war against poverty. Millennium Development Goals are steps in the right direction. However, the resource gap for attaining these goals remains overwhelming. Globally the pledges of development assistance stand at no more than one third of what is needed for achieving the agreed targets. The poor must be given access to useful education, health, and adequate physical infrastructure – so that they can participate in the global market on equal terms. In addition to significant increase in conventional ODA, the feasibility of innovative financing such as proposed International Financing Facility and global taxation for aid should be actively explored. The International Financial Institutions

(IFIs) should be strengthened by providing adequate capital and quotas, and by replenishing the facilities for concessional assistance including IDA. Steps should also be taken by IFIs to scale up investment and minimize inappropriate constraints on public investment in infrastructure.

Development is a process in which technology and know-how of the developed countries interact with local resources, entrepreneurship and creativity. This process would not be fruitful unless the impediments to development are removed and existing resources are efficiently utilized through reforms in all sectors. Reform is a continuous process. In a democratic political order, reforms can not be sustained without broad-based public support within the constitutional, parliamentary and judicial framework. The direction, sequencing, and phasing of reforms must, therefore, be left to the countries themselves. Furthermore, the performance of a country cannot be properly measured without an appreciation of its historical, cultural and socio-political context.

We welcome the recent signs of global economic recovery based on robust growth in 2004. Despite this happy development, we are deeply concerned with the sharp rise of oil prices. The oil shock is likely to compound the effects of multilateral trade liberalization including the phasing out of the MFA. The relief provided by Trade Integration Mechanism may turn out to be too little in the face of historically high oil prices. The IFIs must remain ready to respond quickly to emerging shocks.

In Bangladesh, the Government is striving hard to attain the Millennium Development Goals. We have already graduated from low human development to medium human development category and has already reached some MDGs in the social sector. Since the assumption of office, the present government has pursued vigorously

reforms in fiscal consolidation, and despite shortfall in disbursement of anticipated external assistance has restored foreign exchange reserves to a satisfactory level through efficient economic management and adjustment to a floating exchange rate. GDP growth in real terms accelerated to 5.5 per cent in the last fiscal year in the face of external shocks. We have met from our own resources the immediate relief requirements in the wake of three successive devastating floods in recent months which engulfed the entire country. The scale of damages is massive and immediate adequate assistance is required for the rehabilitation of agriculture, physical and social infrastructure. Despite an unfavorable international climate and devastations caused by recent floods, the Government is determined to continue with the implementation of comprehensive reform program as envisaged in our Poverty Reduction Strategy to accelerate growth in the immediate future. I would like to conclude by wishing the Bretton Woods Institutions happy sixtieth anniversary and their continued success in the future.